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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92053547
Party	Defendant Full Throttle Films, Inc.
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VER SALES, INC.)	
)	
)	
Petitioner,)	
)	Cancellation Proceeding No. 92053547
)	
)	
v.)	
)	
FULL THROTTLE FILMS, INC.)	
)	
Registrant.)	
)	

I. INTRODUCTION

The basis for VSI's original Petition for Cancellation ("Original Petition"), filed January 24, 2011, against Full Throttle's registration for its VER mark, Registration Serial No. 3,025,887, were likelihood of confusion and alleged prior use, misrepresentation of source, and fraud. The Board will note that on March 21, 2011, VSI amended its Original Petition in an attempt to address the deficiencies brought to light by

Full Throttle's Motion to Dismiss the Original Petition. An examination of the amended pleading reveals that the defects present in VSI's original Petition have not been addressed. Instead, VSI has only attempted to expand on its unfounded claims of likelihood of confusion and prior rights, *which are barred by statute*. VSI has also failed to address any of the defects on its unfounded claims of misrepresentation and fraud. Accordingly, even a cursory review of the amended pleadings shows that none of these are valid grounds to support VSI's Petition. In turn, the Board should dismiss VSI's Amended Petition outright as VSI has already had an opportunity to amend its original pleadings without success.

II. FACTS

Registrant owns United States Trademark Registration No. 3,025,887, issued on December 15, 2005, for the mark VER (the "Mark") in connection with the rental of equipment, namely, broadcast equipment, in Class 038, and rental of equipment, namely, audio, video and camera equipment, in Class 041. A copy of that Certificate of Registration is attached hereto as Exhibit A. On January 6, 2011, Registrant filed a Combined Declaration of Use and Incontestability under Sections 8 & 15, and supporting affidavit. Petitioner filed a Petition for Cancellation on January 24, 2011--well after the Mark and its underlying registration had been in existence for five years.

III. THE BOARD SHOULD DISMISS THIS OPPOSITION PURSUANT TO F.R.C.P. 12(B)(6) FOR FAILURE TO STATE A CLAIM UPON WHICH RELIEF CAN BE GRANTED.

Petitioner, in its Amended Petition, asserted that Registrant's registration should be cancelled for likelihood of confusion and prior use under Section 2(d) of the Lanham Act, misrepresentation of source under Section 14(3) of the Act, and fraud. However, the Amended Petition does not include valid grounds for sustaining a cancellation.

Accordingly, pursuant to F.R.C.P. 12(b)(6), the Board should dismiss the Petition for failure to state a claim upon which relief can be granted.

A. Petitioner's allegations of a claim under Section 2(d) of the Lanham Act are barred by Section 14(3), inasmuch as Full Throttle's registration for the Mark is more than five years old.

Petitioner seeks to cancel Registrant's registration for the Mark based on Section 2(d) of the Lanham Act, alleging likelihood of confusion and prior use. It is clear that Section 14 of the Lanham Act, which sets forth the grounds upon which a cancellation action may be brought, limits the bases for attacking a registration that has been in existence for five years. See 15 U.S.C.S. § 1064. Section 14 *clearly* narrows and defines the grounds upon which a petition to cancel may be based when the attacked registration is over five years old. See *Imperial Tobacco, Ltd., Assignee of Imperial Group PLC v. Philip Morris, Inc.*, 899 F.2d 1575, 1578, 14 U.S.P.Q.2d 1390, 1392 (Fed. Cir. 1990) ("When a petition for cancellation of a registration is filed more than five years after the date of registration, the statute provides limited grounds for cancellation. *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 761, 214 USPQ 327, 332 (CCPA 1982)."). Thus, such registrations can be canceled only on those grounds specifically set forth in the Act. See *Hy-Cross Hatchery, Inc. v. Osborne*, 303 F.2d 947, 948, 133 U.S.P.Q. 687, 688 (C.C.P.A. 1962); *Imperial Tobacco, Ltd., Assignee of Imperial Group PLC v. Philip Morris, Inc.*, 899 F.2d 1575, 14 U.S.P.Q.2d 1390 (Fed. Cir. 1990).

Additionally, the narrowing of grounds by Section 14 applies whether or not the registrant has obtained the benefits of incontestability by filing a Section 15 affidavit. See *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 761 n. 6, 214

USPQ 327, 332 n. 6 (CCPA 1982) (“[Section 14(3) is,] in effect, a five year time limit barring certain attacks on a registration. It should be noted that this section is not dependent on the filing of a declaration under § 15 which provides incontestable rights of use to a limited extent (15 U.S.C. § 1065).”); and *Western Worldwide Enterprises Group, Inc. v. Qinqdao Brewery*, 17 U.S.P.Q.2d 1137 (T.T.A.B. 1990). Thus, the Board has established that Section 14 cancellation and Section 15 incontestability relate to different legal concepts. Once a registration is over five years old, the grounds for cancellation are restricted under Section 14--regardless of whether the Section 15 incontestable status has been invoked. See *Strang Corp. v. Stouffer Corp.*, 16 U.S.P.Q.2d 1309 (T.T.A.B. 1990).

Importantly, the Board has long established that under the present circumstances, Section 2(d) is not a ground under which a petition for cancellation may be based. See, e.g., *Carefirst of Maryland, Inc. v. FirstHealth of the Carolinas Inc.*, 77 USPQ2d 1492, 1502 (TTAB 2005); TBMP § 307 (2d ed. rev. 2004) (“Given that opposer’s registration is over five years old, applicant’s grounds for cancellation are limited to those listed in Section 14(3).”). In turn, if the challenged registration is more than five years old, a cancellation count based on likelihood of confusion under Section 2(d) will be dismissed for failure to state a claim. See *Otto International, Inc. v. Otto Kern GMBH*, 83 U.S.P.Q.2d 1861, 2007 WL 1577524 (T.T.A.B. 2007).

In the instant case, the allegations in paragraphs 1-33 of the Amended Petition are of the type typically presented in support of a Section 2(d) claim. For example, paragraphs 1-12 allege actions taken by Petitioner to develop the alleged goodwill in its marks, while paragraphs 13 through 33 are allegations related to prior use and alleged instances of confusion between the Mark and Petitioner’s alleged marks.

Accordingly, because Petitioner's claim under Section 2(d) is time-barred under Section 14(3), all allegations in this regard should be stricken and Registrant's Motion to Dismiss should be granted with respect thereto.

B. Petitioner's allegations of a claim under Section 14(3) under the Lanham Act for misrepresentation of source should be dismissed as Petitioner fails to allege any facts reflecting any activity by Registrant to deliberately misrepresent the source of its products, "blatant misuse" of the Mark, or conduct amounting to the deliberate passing-off of its goods.

The Board has defined misrepresentation of source as "situations where it is deliberately misrepresented by or with the consent of the registrant that goods and/or services originate from a manufacturer or other entity when in fact those goods and/or services originate from another party." See *Osterreichischer Molkerei-und Kasereiverband Registrierte GmbH v. Marks and Spencer Limited*, 203 USPQ 793, 794 (TTAB 1979); see also *Global Maschinen GmbH v. Global Banking Systems, Inc.*, 227 USPQ 862, 864 n. 3 (TTAB 1985). Further, a pleading of misrepresentation of source "must be supported by allegations of blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner." See *McDonnell Douglas Corporation v. National Data Corporation*, 228 USPQ 45, 47 (TTAB 1985); see also *McCarthy, J. Thomas*, 3 *McCarthy on Trademarks and Unfair Competition*, § 20:60 (4th ed. 2007) ("A cancellation claim for misrepresentation under §14(3) requires a pleading that registrant deliberately sought to pass off its goods as those of petitioner."). In *McDonnell Douglas*, *supra*, the petitioner also failed to recite specific facts reflecting the respondent's activity that, if proved, "would amount to an attempt to create the impression that petitioner is the source of respondent's services." *Id.*, at 47. Therefore, to

properly allege misrepresentation of source, a party must do more than just make an allegation based on the language of the statute. See *Otto International, supra*.

In the instant case, Petitioner's only allegation with regard to misrepresentation of source is found in paragraph 34 of the Amended Petition, which reads as follows:

"34. Registrant's registration for the VER mark is being used by Registrant so as to misrepresent the source of the services on or in connection with which the VER mark is used."

Even allowing for the most liberal review of this allegation, one cannot find that Petitioner has properly pleaded a claim of misrepresentation of source. Specifically, Petitioner has not alleged *any* facts reflecting Registrant's deliberate misrepresentation of the source of its services, "blatant misuse" of the mark, or conduct amounting to the deliberate passing-off of its services. See *Otto International, supra*. As in *Otto International*, the language in Petitioner's paragraph 34 merely tracks some of the language of the statute, and does not allege a single fact reflecting any sort of activity by Registrant. Other paragraphs in the Petition merely allege instances of confusion and "damage" to Petitioner, but there is no mention of specific acts or conduct by Registrant aimed at deceiving the public into thinking that its services actually emanate from Petitioner.

Upon examination, it is clear the nature of the allegations raised by Petitioner with regard to misrepresentation of source is for adding support to its claim of likelihood of confusion under Section 2(d). Since such ground is not available to Petitioner, it is clear that the allegations of misrepresentation of source were added to the Petition for Cancellation as a disguise. Because a likelihood of confusion claims after five years is barred by statute, the Board "cannot conclude that the same facts recast as a

misrepresentation of source claim would constitute a cognizable ground for relief.” See *Otto International supra*. If it were otherwise, Congress' exclusion of claims under Section 2(d) for registrations in existence after five years would be rendered meaningless. See *Id*.

Accordingly, Petitioner's misrepresentation of source claims and paragraph 34 should be stricken as insufficient under Section 14(3), and Registrant's Motion to Dismiss should be granted with respect thereto.

C. Petitioner's allegation of fraud should be dismissed as Petitioner fails to allege the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b).

In petitioning to cancel on the ground of fraud, a petitioner must allege the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b), made applicable to Board proceedings by 37 C.F.R. § 2.116(a). Under Rule 9(b), together with Fed. R. Civ. P. 11 and USPTO Rule 11.18, “the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud.” *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981). See also *Wright & Miller, Federal Practice and Procedure*: 5A § 1296 n. 11 (2004) (citing cases that discuss purposes of the Rule 9(b) heightened pleading standard to include providing notice, weeding out baseless claims, preventing fishing expeditions and fraud actions in which all facts are learned after discovery, and serving the goals of Rule 11).

Pleadings of fraud made “on information and belief,” when there is no allegation of “specific facts upon which the belief is reasonably based,” are insufficient. See *Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009) and cases cited therein (discussing when pleading on information and belief under Fed. R. Civ. P. 9(b) is permitted); see also *In Re Bose Corp.*, 91 USPQ2d at 1938. Additionally,

under USPTO Rule 11.18, the factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is “likely” to be obtained after a reasonable opportunity for discovery or investigation. Allegations based solely on information and belief raise only the mere possibility that such evidence may be uncovered and *do not* constitute pleading of fraud with particularity. See *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478 (TTAB 2009). Thus, to satisfy Rule 9(b), any allegations based on “information and belief” must be accompanied by a statement of facts upon which the belief is founded. See *Exergen Corp.*, 91 USPQ2d at 1670 n.7, citing *Kowal v. MCI Commc'n Corp.*, 16 F.3d 1271, 1279 n.3 (D.C. Cir. 1994) (“([P]leadings on information and belief [under Rule 9(b)] require an allegation that the necessary information lies within the defendant's control, and ... such allegations must also be accompanied by a statement of the facts upon which the allegations are based’).”

In the instant case, Petitioner’s allegations in Paragraphs 34-44 of the Petition regarding Respondent’s alleged false statements to the Office are based solely upon information and belief or to the “best of Petitioner’s knowledge.” These allegations fail to meet the Fed. R. Civ. P. 9(b) requirements, as they are unsupported by any statement of facts providing the information upon which Petitioner relies or the belief upon which the allegation is founded. Moreover, Petitioner fails to provide any known information giving rise to petitioner’s stated belief, or a statement regarding evidence that is likely to be discovered that would support a claim of fraud. See *Media Online Inc. v. El Clasificado Inc.*, 88 USPQ2d 1285, 1287 (TTAB 2008) (finding the proposed amended pleading insufficient in part under Fed. R. Civ. P. 9(b) because the false statements that

purportedly induced the Office to allow registration were not set forth with particularity). See also *Wright & Miller, supra*, § 1298 (discussing particularity requirement of Fed. R. Civ. P. 9(b)). Instead, Petitioner merely makes a series of false allegations that Registrant had knowledge of Petitioner's "superior right to the VER mark" yet proceeded to state otherwise to the Trademark Office. No facts are pleaded to support these allegations with particularity, because such facts do not exist. In fact, Petitioner in its Amended Petition admits its lack of evidence that it even owns a valid trademark. Instead, it bases its "superior rights" over the Mark on alleged common law rights, and a pair of trademark applications filed in class 35--a full five years after Registrant was issued a registration for its VER mark.

D. Petitioner's allegation of fraud should be dismissed as Petitioner fails to properly allege Full Throttle's intent to commit fraud on the U.S. Patent and Trademark Office.

A pleading of fraud on the USPTO must also include an allegation of intent. *In re Bose*, 91 USPQ2d at 1939-1940. Moreover, although Rule 9(b) allows that intent may be alleged generally, the pleadings must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind. See *Exergen Corp.*, 91 USPQ2d at 1667, n.4. Pleadings of fraud that rest solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration that it "knew or should have known" to be false or misleading are an insufficient pleading of fraud because it implies mere negligence, and negligence is not sufficient to infer fraud or dishonesty. *In re Bose*, 91 USPQ2d at 1940, quoting *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1582 (Fed. Cir. 1991). Thus, under *Bose*, intent is a specific element of a fraud claim and an allegation that a declarant "should have known" a material statement was false does not

make out a proper pleading. *See also Media Online*, 88 USPQ2d at 1287 (finding proposed amended pleading insufficient in part because the pleading lacked allegations of scienter); *Crown Wallcovering Corp. v. The Wall Paper Mfrs. Ltd.*, 188 USPQ 141, 144 (TTAB 1975) and cases cited therein (“in order to state a claim upon which relief can be granted on the ground of fraud, it must be asserted that the false statements complained of were made willfully in bad faith with the intent to obtain that to which the party making the statements would not otherwise have been entitled”).

In the instant case, Petitioner’s allegations of Registrant’s intent to commit fraud on the USPTO are found in Paragraphs 34-44 of the Amended Petition, which state that Full Throttle “knew of Petitioner’s superior rights...” and “intended to deceive the Trademark Office.” These false allegations, on their own, are insufficient to infer any intent on Full Throttle’s part to commit fraud on the USPTO. Moreover, these false allegations are not accompanied by any facts to support such allegations or even create any inferences. Petitioner’s entire fraud claim, as shown by the pleadings, is based on their unsupportable allegation that Registrant’s declaration at the time that it filed the application to register the mark was fraudulent. Thus, Petitioner’s fraud claim has not been properly pleaded and is clearly insufficient to state a claim. As was the case with its claim for misrepresentation of source, Petitioner’s fraud claim is but a weak attempt to further disguise its Section 2(d) claim, which is clearly barred by statute.

IV. CONCLUSION

For the foregoing reasons, the Board should grant Registrant's Motion to Dismiss.

Respectfully submitted,

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Dated: June 7, 2011

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Motion to Dismiss and Accompanying Memorandum* is being served upon Petitioner's Counsel, Jessie K. Reider, Buchalter Nemer, 1000 Wilshire Blvd., Suite 1500, Los Angeles, CA 90017 by first class mail, postage prepaid, this 7th day of June, 2011.

